



FEDERAL MILK ORDER No. 1  
Northeast Marketing Area  
89 South Street, Suite 301, Boston, MA 02111-2671

**Mailing Address:**

P.O. Box 51478  
Boston, MA 02205-1478  
Phone: 617-737-7199 --- Fax: 617-737-8002  
**E-mail:** [NortheastOrder@fedmilk1.com](mailto:NortheastOrder@fedmilk1.com)  
**Website:** <http://www.fmmone.com>

**Albany:**  
302A Washington Avenue Ext.  
Albany, NY 12203-7303  
Tel.: (518) 452-4410  
Fax: (518) 464-6468

**Alexandria:**  
P.O. Box 25828  
Alexandria, VA 22313-5828  
Tel.: (703) 549-7000  
Fax: (703) 549-7003

July 25, 2024

**TO:** Pool Handlers on the Northeast Order  
**FROM:** Shawn M. Boockoff, Market Administrator  
**SUBJECT:** Request to Reduce Fall-Month Shipping Percentages – **Approved 10% for 2024**

---

Boonville Farms Cooperative, Inc. (Boonville), a cooperative pooling on the Northeast Milk Marketing Area (Northeast Order) and Lowville Producers Dairy Cooperative, Inc. (Lowville), a cooperative pooling on the Northeast Order and owner of an unregulated supply plant in Canastota, NY, submitted requests that the shipping percentage specified in Section 1001.7 (c) (2) for the months of September, October, and November be lowered from 20 percent to 10 percent for pool supply plants regulated under the Northeast Order until further notice.

The shipping percentage during September, October, and November from 2018 through 2023 was adjusted to 10 percent in response to similar requests.

Section 1001.7 (g) of the Northeast Order states that the shipping percentages under the above provision may be increased or decreased by the Market Administrator if, after conducting an investigation and soliciting comments, the Market Administrator determines that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.

Petition

Boonville stated, in their 2024 petition, Class I utilization has significantly reduced over the last 20 years and is unlikely to return to pre-2013 levels, 2013 being the most recent year the 20 percent fall shipping percentage was in effect. Boonville claims since 2013 they have not experienced any supply shortages or critical levels of demand from their regional Pool Supply Plant customers. They additionally claim milk sold on spot markets in the marketing area is sold at underclass prices throughout the year and this is proof of a robust supply of milk to furnish Class I needs.

Their petition further claims a 20 percent shipping percentage would result in uneconomic shipments of milk. They state the increased percentage would cause them to seek markets at further distances due to their local market being saturated; this would increase transportation costs that have already doubled over the last four years.

Finally, Boonville claims the 20 percent shipping provision creates an unintended disadvantage for smaller cooperative – handlers. They state smaller cooperatives, due to their smaller market share, are forced to sign market agreements with and pay fees to larger cooperatives to meet the shipping percentage to Pool Supply Plants. They claim this creates an unfair burden to smaller cooperatives and can have mitigating effects with a 10 percent shipping provision.

In their 2024 petition, Lowville cited declining Class I sales have led to a decrease in the number of Pool Distribution Plants associated with the Northeast Order, which has made making additional shipments to meet the shipping percentage difficult. They further state several new plants are under construction and several existing plants are planning to expand in the region, however, the milk needed for the additional production will be used in Classes II, III, and IV. They estimated an additional 14-17 million pounds of raw milk per day will be needed to fulfill the increase in demand, implying that this could cause more strain to plants to satisfy the 20 percent shipping percentage.

In their petition, Lowville claimed that due to their cooperative's milk being pooled through a federation and receiving zero requests for Class I milk they have been unable to maintain their unregulated supply plant's status as a pooled plant, as the previous owner did. The petitioner noted handlers with multiple supply plants can create a supply plant system, which allows the plants to meet the shipping requirement by treating the multiple plants as one plant. They stated they believe the reduction in shipping percentage would lessen the burden for cooperatives in a federation to keep their producers pooled and having an insignificant effect on the producer's pay price.

Lastly, Lowville wrote in their petition that the Market Administrator has lowered shipping requirements in the past that caused no adverse effects to producers and all Class I needs were fulfilled.

#### Summarized Handler Comments Received

Agri-Mark, Inc, a cooperative handler under Section 1000.9(c) of the Northeast Order and operator of multiple pool supply plants, agrees the request to reduce the shipping percentages from 20 to 10 percent for the applicable 2024 months is warranted based on market conditions and to prevent uneconomic shipments. Additionally, the cooperative believes that market conditions can and do change and thus, prefer the requested change be assessed on an annual basis.

Cayuga Marketing LLC (Cayuga Marketing), a cooperative handler under Section 1000.9(c) of the Northeast Order, and operator of a nonpool plant, submitted comments in support of the reduction from 20 to 10 percent, for the months of September, October, and November, until further notice. Cayuga Marketing stated they have not changed their position from past years' requests to lower the shipping percentage. Cayuga Marketing states they would be forced into maintaining uneconomic milk sales to meet a twenty percent minimum pooling requirement for shipments during the months of September, October, and November, which will only serve to reduce their members net milk price to meet shipping requirements.

Dairy Farmers of America, Inc., a cooperative handler under Section 1000.9(c) of the Northeast Order and operator of multiple pool distributing and pool supply plants, commented that they neither support nor oppose the request by Boonville and are neutral on the matter.

H.P. Farmers Cooperative, Inc., a cooperative handler under Section 1000.9(c) of the Northeast Order, submitted comments supporting reducing the shipping requirements from 20 percent to 10 percent in the months of September, October, and November.

National Farmers Organization (NFO), a cooperative handler under Section 1000.9(c) of the Northeast Order, submitted comments supporting reducing the shipping requirements from 20 percent to 10 percent in the months of September, October, and November. The cooperative states consumption of Class I milk has and, most likely, will continue to decline, making it more difficult to find a pool distributing plant needing additional milk. They assert that significant consolidation in the remaining pool distributing plants in the Northeast market adds to the difficulties in finding a place to make qualifying shipments. Often the requirement to ship to a pool distributing plant results in loads being moved contrary to the normal patterns and not to the most efficient market for these loads.

Upstate Niagara Cooperative, Inc. (Upstate Niagara), a cooperative handler under Section 1000.9(c) of the Northeast Order and operator of pool distributing, partially regulated pool distributing plants, and nonpool plants, submitted comments not

opposing a reduction for the months of September, October, and November, but prefer the Market Administrator continue to review the matter regularly rather than issue an approval for “until further notice”. Upstate Niagara noted an increase in packaged fluid sales of 1.2% through April in Federal Order 1. The cooperative stated that performance in the marketplace is an important aspect of participation in the pool.

Findings

Monthly pool statistics continue to present a picture of declining Class I receipts for the Northeast Order, though there had been some slowing of this trend earlier in 2021. The Class I receipts for the most recent pool, June 2024, at 578 million pounds was the lowest volume for the month in 24 years, roughly 41 million pounds below the prior June. At 26.4 percent, Class I utilization in June was the lowest ever by percent for any month since the Order’s inception. In 2000, the year in which the 20 percent fall month shipping percentages were adopted as part of Order Reform, the Class I utilization for the months of September, October, and November averaged 49.0 percent of the volume of milk pooled during those months. In 2023, Class I utilization for these same three months averaged 30.3 percent of the total pool – a drop of roughly 18.7 percentage points.

Chart 1 presents September-November Class I receipts as compared to that period during the year 2000. In 2023, Class I receipts for the September through November period was 27.0 percent below the same period during the first year of the Northeast Order, in 2000. This shows how much less milk has been utilized as Class I in recent years compared to when the Order’s shipping provisions were first adopted.

Chart 1

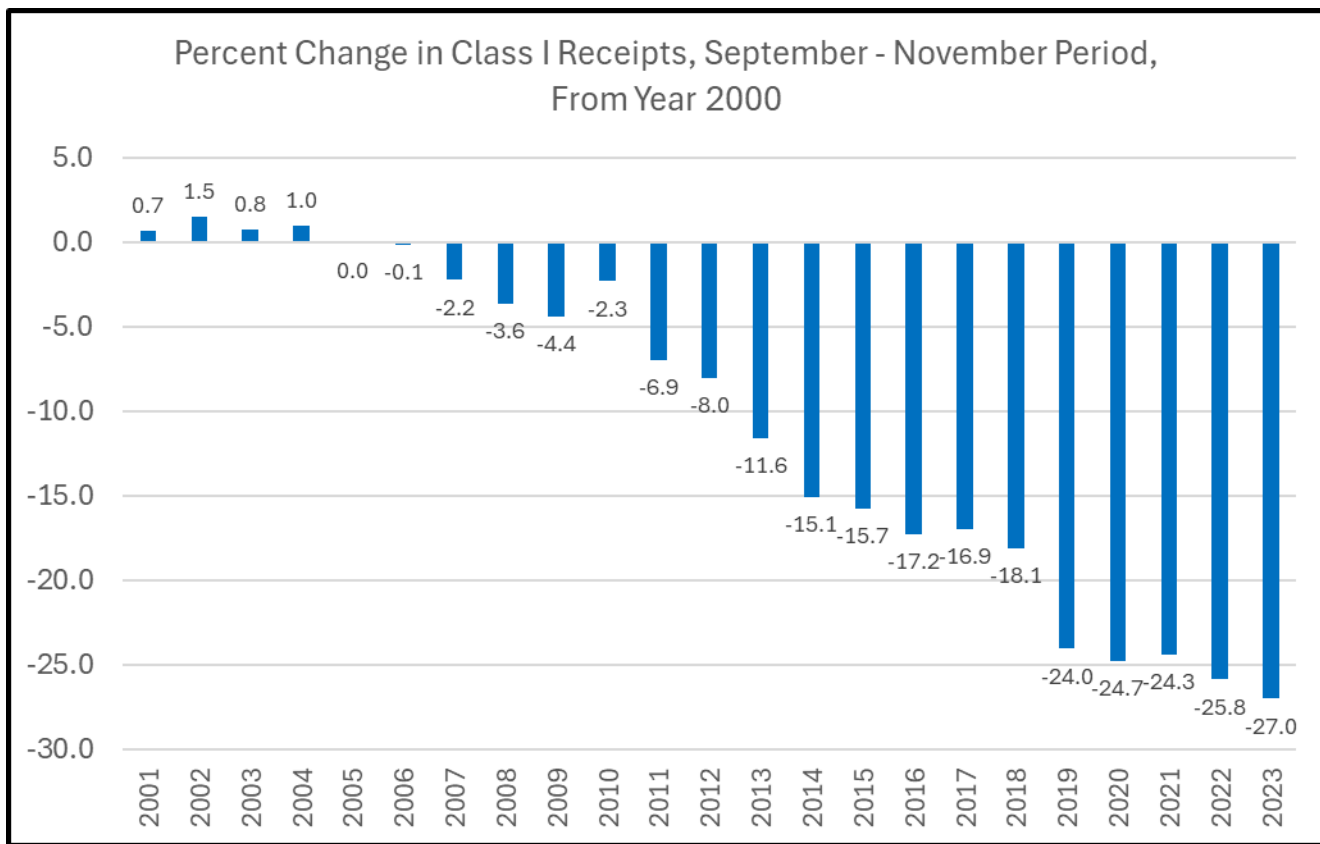
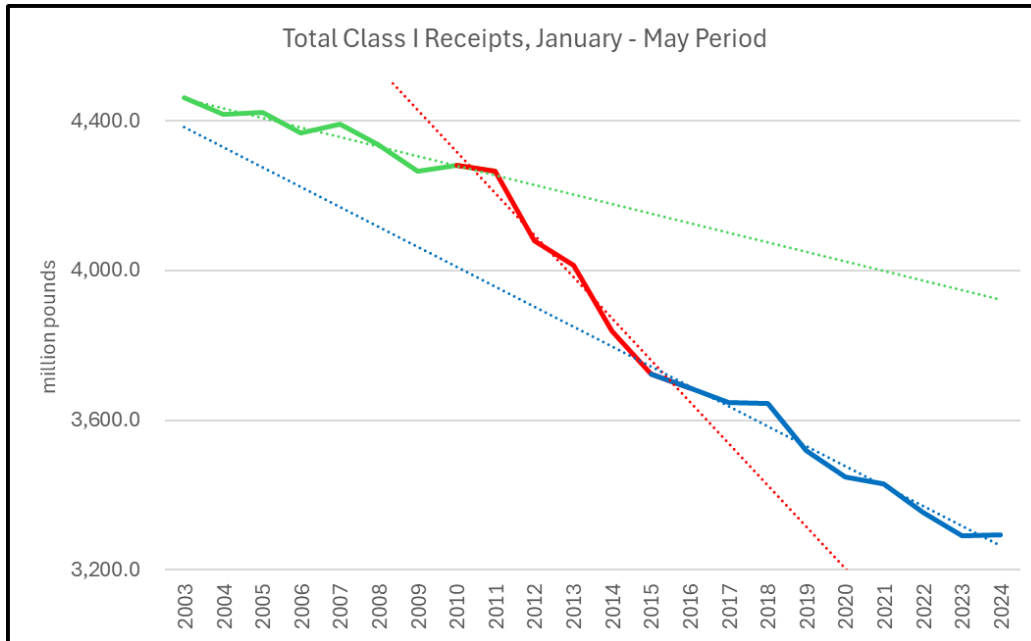


Chart 2 presents total Class I receipts for the period January through May of each year since 2000 (leap year adjusted). The trend lines in the chart highlight the more rapid decline in Class I receipts from 2011 to 2015 and a somewhat slower but still consistent decline from 2015 to 2024.

Chart 2



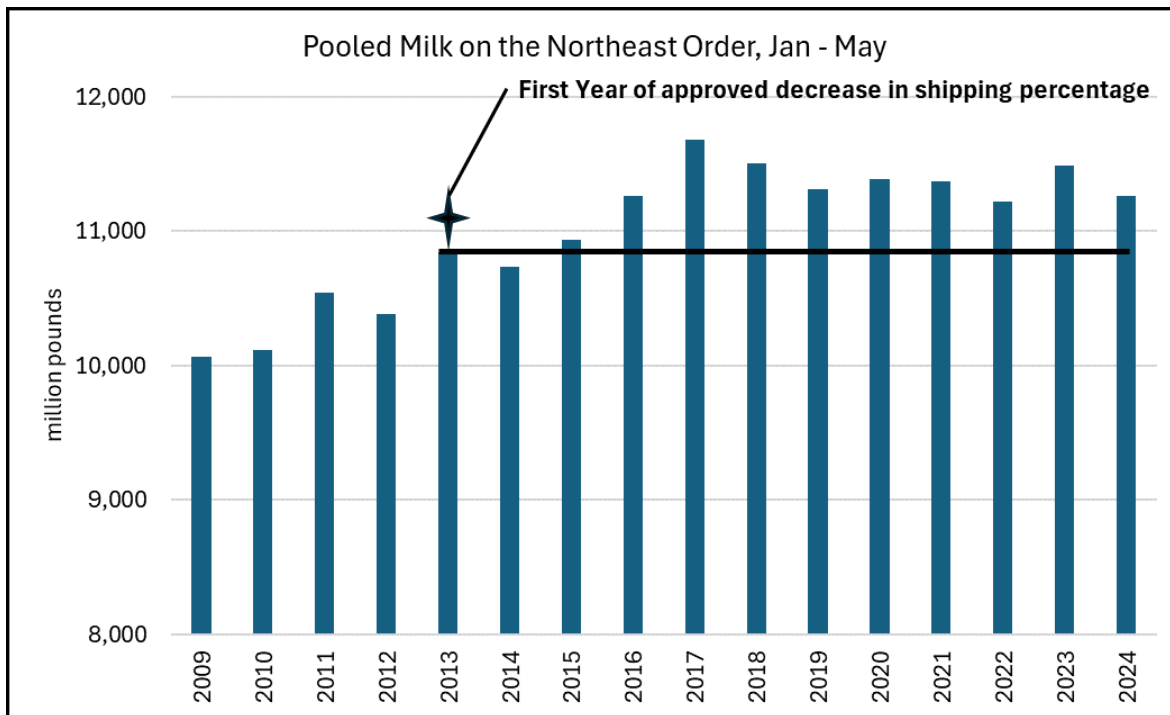
The following table presents the average level of Class I receipts on the Northeast Order for a 3-month spring period and the immediately following 3-month fall period. The intent is to show a seasonal change as a simplistic expectation of where fall Class I receipts may be based on where the previous spring level was. The 2024 projection in the table is based on a Class I calendar composition and seasonal factors with current levels of Class I utilization. This projection shows a potential for a small increase in fall month Class I utilization compared to spring. This would suggest a lack of need to return to a shipping percentage higher than has been approved in recent years, at least for fall 2024.

Year	Class I Utilization		
	<u>Mar-May Avg</u>	<u>Sep-Nov Avg</u>	<u>% Difference</u>
	million pounds		
2000	867	912	5.3
2001	900	919	2.1
2002	892	926	3.8
2003	892	920	3.1
2004	890	921	3.5
2005	890	912	2.5
2006	887	911	2.7
2007	885	892	0.9
2008	873	879	0.8
2009	860	873	1.4
2010	874	892	2.0
2011	847	849	0.2
2012	821	839	2.2
2013	807	807	0.0
2014	765	775	1.2
2015	742	769	3.7
2016	741	755	1.9
2017	735	758	3.1
2018	737	748	1.4
2019	705	693	-1.6
2020	702	687	-2.2
2021	691	690	-0.1
2022	674	677	0.4
2023	661	666	0.8
2024	660	662	0.3*

\*Projection based on Class I Calendar, historical seasonal factors, and current utilization

The volume of milk pooled on the Order through the first 5 months of this year is slightly above the prior year, and roughly 97 million pounds below the most recent three-year average for the period, adjusted for leap year. Still, as depicted in Chart 3 below, the volume is above levels at which the first request to lower the shipping requirement was approved.

Chart 3



USDA National Agricultural Statistics Service *Milk Production* report indicates that some slowdown in monthly milk production has continued to occur, averaging almost a 0.8 percent decline, year-over-year on a per daily basis. The decline has not been at a rate that has resulted in shortages of supply. In fact, the Northeast Market Administrator again this spring received a request for a milk disposal policy, and that analysis indicated some continued stress in finding destinations for surplus milk faced by the marketplace in some instances.

#### Existing Provision

The shipping provisions of the Order under Section 1001.7 (c) (1) and (2) stipulate that a supply plant (and this also applies to cooperatives operating as handlers under Section 1000.9(c)) must deliver milk to a distributing plant in order to meet the requirement. As noted in prior decisions, the option is not to “ask” whether the milk is needed or not, but instead, delivery to a pool distributing plant is stipulated. However, under Section 1001.7(g) the provision authorizes the Market Administrator to adjust the shipping percentage “to prevent uneconomic shipments”, if so warranted. Preventing the administratively required delivery of excessive milk to distributing plants, when order data and industry comments indicate a lower required shipping percentage is appropriate, is a measure that can and has been taken for the past several years by the Market Administrator, following the receipt of similar industry requests to review the provision as a measure to prevent disorderly marketing and uneconomic shipments of milk.

### Decision

After reviewing a variety of Northeast Order statistical data related to total pool volume, class utilization changes over time, fluid sales reports for the Order, and recent industry dynamics, together with comments submitted by parties responding to the call for comments on Boonville's and Lowville's requests, **a reduction in the shipping percentage under Section 1001.7 (c) (2) of the Northeast Order from 20 to 10 percent for the three months of September, October, and November, is approved.**

Though 2024 will be the seventh year in a row that the shipping percentage will have been reduced to 10 percent, and given that the market conditions that warranted previous reductions continue to exist, potential for change to the current marketplace warrant limiting the change to the shipping percentage to 10 percent to September-November, **2024 only**. As provided under the terms of the Northeast Order under Section 1001.7 (g), the Market Administrator may review the need for any further adjustment on his own initiative or at the request of interested parties.

### More Information

Complete copies of comments submitted by handlers regarding the requested shipping percentage reduction, along with Boonville's and Lowville's request, can be found on the Northeast Order website; [www.fmmone.com](http://www.fmmone.com) or by contacting the Market Administrator's office at 518-452-4410.

Boonville Farms Cooperative Inc.  
Box 114  
Boonville, New York 13309

June 1<sup>st</sup> 2024,

Market Administrator  
Northeast Marketing Area  
89 South Street  
PO Box 51478  
Boston, MA 02205-1478  
Attn: Shawn M. Boockoff

Mr. Boockoff,

Boonville Farms Cooperative Inc. is petitioning that the required shipping percentage to Pool Supply Plants in Federal Milk Order No. 1 under Section 1001.7(c) (2) of the order, be decreased to 10% for the months of September thru November. This decrease, originally requested by Queensboro Farm Products Inc. has been repeatedly approved since 2013. We assert that the market conditions on which these past petitions were granted remain today, and are unlikely to change. Specifically, we assert the following justifications for granting of this petition.

- a) Class I utilization has seen a significant reduction over the last 20 years with the trend line showing a steady decline. It is unlikely Class I utilization will return to levels seen before 2013 when the higher 20% shipping requirement for fall months was last in effect. We have not seen supply shortages or experienced critical levels of demand from our regional customers that are Pool Supply Plants. On the contrary, there is much milk sold throughout the year in the marketing area on the spot market at underclass pricing. This is especially prevalent before and after major holidays, two of which occur during the Sept-Nov timeframe at issue (Labor Day & Thanksgiving). The combination of decreased Class I demand, and robust supply indicated by ongoing underclass sales of milk, indicates there is a robust supply of raw milk to support the Class I supply-chain without the additional support from a raised 20% shipping provision.
- b) Uneconomic shipments of milk will result from the higher 20% mandate. With local markets saturated, Boonville Farms Cooperative will need to seek out sales to farther destinations. This will lead to much higher transportation costs, and the loss of premiums from milk diverted from well established local customers. Transportation costs have increased more than 100% over the last four years. This is due to higher fuel costs, overall inflation, and critical labor shortages in the transportation sector that began during the pandemic and has remained as the new baseline.
- c) The current shipping provision of the order creates an unintended competitive disadvantage in the market-place for smaller cooperatives - Handlers. By nature, smaller



Handlers such as Boonville Farms Cooperative have a smaller market share of milk sold to Pool Supply Plants. Some co-ops are forced to sign marketing agreements with larger co-ops in order to comply with the shipping percentage provision to Pool Supply Plants, and must pay them fees to do so. This practice becomes an unfair burden for smaller cooperatives. The Market Administrator should act to mitigate such effects, so that results of the Federal Milk order No. 1 are felt more equally by all. Historically, these smaller cooperatives have played a vital role in the health of the milk supply-chain by providing choice, competition and local availability.

In summary, we request the following:

- (1) Request that required shipping percentage to Pool Supply Plants in Federal Milk Order No. 1 under Section 1001.7(c)(2) of the order, be capped at 10%, until further notice, as it has been granted since 2013.
- (2) Request that the Market Administrator study the complete effects of this 10% provision and determine if this arbitrary level could be further decreased in the future under Section 1001.7(g) in order to mitigate the conditions described above while still ensuring its mandated goals.

Thank You

Rodney J. Willson  
Treasurer  
Boonville Farms Cooperative  
315-338-3683

June 10, 2024

Market Administrator  
89 South Street, Suite 301  
Boston, MA 02111-2671

Mr. Boockoff

As the new owners of the former Queensboro Farm Products dairy plant located in Canastota NY, we would like to make a request on behalf of ourselves and all other Dairy Cooperatives in the Federal Order One. Lowville Producers Dairy Cooperative Inc. is requesting that the shipping percentage, under Section 100.7© (2) of the order, for the months of September-November be decreased to 10% for the Pool Supply Plants in Federal Order One. Just like the previous owners of our plant, we also have had zero calls for Class 1 milk. Due to our cooperative being pooled through the Federation, we were unfortunately unable to keep the plants status as a pooled plant like the previous owners had in the past. In 2005, the federal order was amended to have a year-round supply shipping standard. The handlers with multiple supply plants set up their own supply plant systems which allowed them to meet the standards by treating the supply plant system as one plant. We feel that a 10% difference in shipping would have an insignificant effect on the producer's milk pay price and it will lessen the burden for all of the coops that are in federation with each other to keep all of our producers pooled.

The constant decline of Pool Distributing Plants associated with the order makes additional shipments into the remaining plants nearly impossible. Throughout the years, there has been a large decrease in the numbers of Pool Supply Plants. In 2000 there were 20 Pool Supply Plants and in 2012 there were 11 and it is looking that this trend will continue. Since 2009, US fluid milk sales declined 1.8% CAGR. There are several alternative dairy beverages, and more people are eating rather than drinking their dairy.

Over the last 5 years, the US milk production growth went to Class III production as that is where most of the capacity additions were and still trending. On average, that is an additional 820 million pounds of milk that went to cheese. As we are all aware by now, there are several new plants being built in New York State. Some of those plants will be operational in 2024, while others in 2025 and 2026. Also, there are several additional existing non-Class 1 plants which are planning to expand in the same timeframe as mentioned above. With all these new builds and expansions my fear is that every single cooperative will be expanding to fulfill all this demand and it will trigger another set of problems in our order. From what was published for the new plant demands for raw milk and the rumors circulating around on the demand from expansions, our region will require an additional 14-17 million lbs. of raw milk per day. With this said, not a single existing plant currently being built or expending is going to be a pooled plant and all of this new milk will be used for producing Class II, III, and IV products.

The Market Administrator has recognized this in his decision to lower the Class I shipping percentage for June, July and August 2015 from 10% to 5% and to reduce the shipping percentage to 15% for 2016 and 2017. The Market Administrator used the same logic in 2019-2023. We believe that past year's reductions by the Market Administrator had no adverse effects on producers and that all Class I needs were met. For all of these reasons presented, we are requesting that the 20% Class I shipping requirements for the months of September-November be reduced to 10% for pool supply plants until further notice.

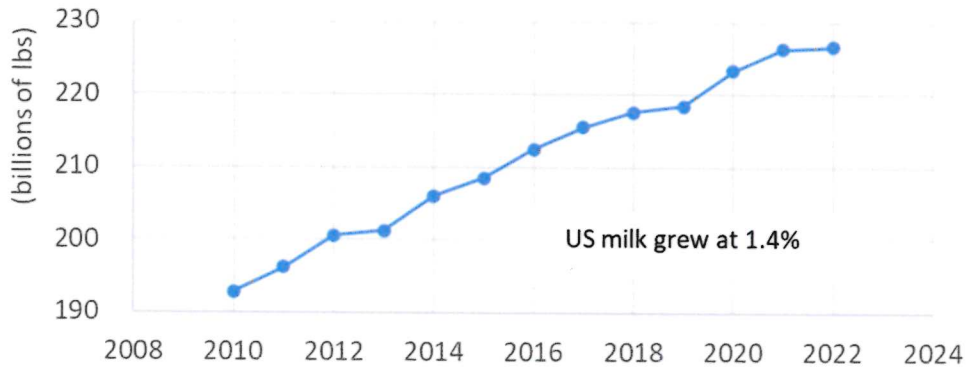
Sincerely,

A handwritten signature in black ink, appearing to read "Andy Laslo". The signature is fluid and cursive, with a prominent loop at the end.

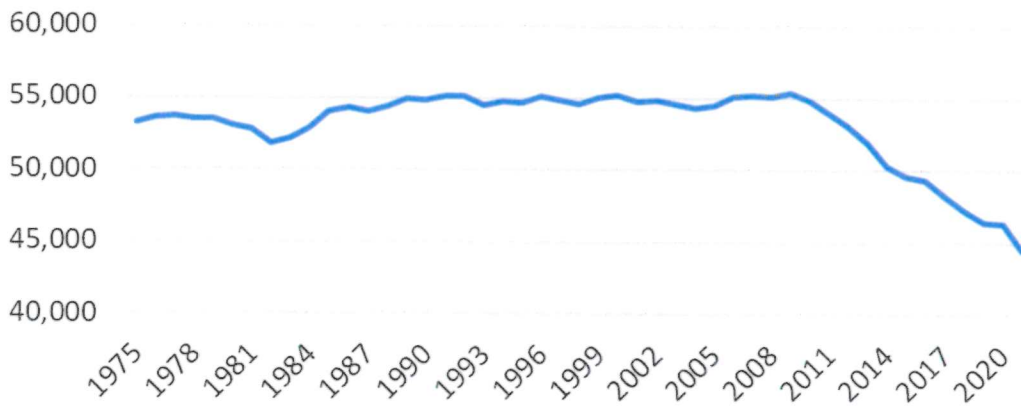
Andy Laslo

Lowville Producers Dairy Cooperative Inc.  
Canastota Dairy Products LLC.  
General Manager

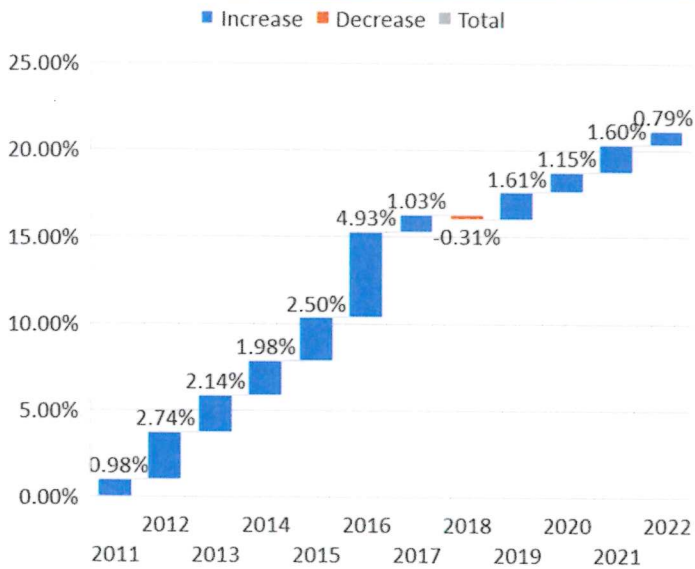
US Milk Production - Annual



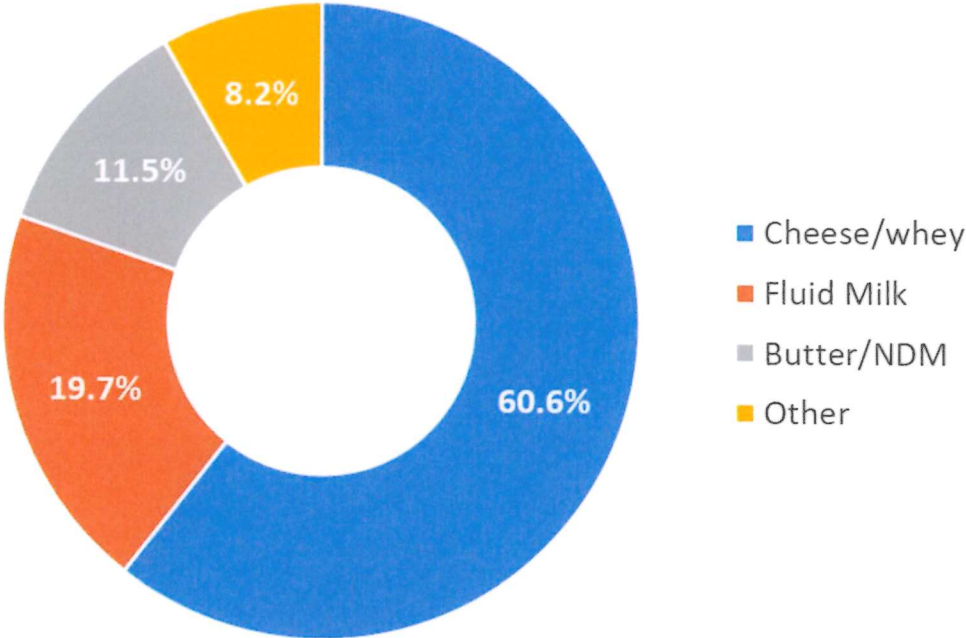
US Fluid Milk Sales (million pounds)



New York Milk Production Growth



Estimated 2022 US Milk Utilization by Product



**From:** Catherine de Ronde <cderonde@agrismark.net>  
**Sent:** Friday, July 12, 2024 11:57 AM  
**To:** Riordon Brian <briordon@fedmilk1.com>  
**Cc:** Jordan Clark <jordanclark@agrismark.net>  
**Subject:** [EXTERNAL] Shipping Requirements Investigation - Solicitation of Comments

Hi Brian,

Agri-Mark has reviewed the requests to lower the shipping percentage in Section 1001.7(c)(2) for the months of September, October, and November from 20 percent to 10 percent *until further notice*.

Agri-Mark agrees that the request to reduce the shipping percentages from 20 to 10 percent for the applicable 2024 months is warranted based on market conditions, and to prevent uneconomic shipments. While we recognize that this request has been made in Federal Order 1 annually, marketing conditions can and do change. We ask that the Market Administrator continue to rule on an annual basis.

Should you have any questions, please do not hesitate to reach out.

Thank you,  
C

**Catherine de Ronde**  
VP, Economics & Legislative Affairs  
40 Shattuck Rd.  
Andover, MA 01810  
P: 978-552-5533  
C: 978-500-9383



Agri-Mark | Cabot Creamery | McCadam



Date: July 12, 2024

United States Department of Agriculture  
Northeast Marketing Area  
c/o Brian Riordan  
302A Washington Avenue Extension  
Albany, NY 12203-7303

RE: Fall 2024 Pooling Requirements

Dear Shawn:

Cayuga Marketing LLC is in favor of lowering the shipping percentage from 20 percent to 10 percent for the months of September, October, and November *until further notice*. Under Section 1001.7(g) of the Order, the applicable shipping percentages may be increased or decreased by the Market Administrator if it is determined that such adjustment is necessary to encourage needed shipments or to prevent uneconomic shipments.

We have not changed our position since 2019, when we recommended a 10% shipping requirement during the September to November timeframe. For 2024 and beyond, we are recommending maintaining the shipping requirement from September to November at 10%. The data that we have reviewed would suggest the shipping requirement from September to November could be as low as 6%-7% by utilizing the same logic we employed in 2019. The same market dynamics still exist in 2024 that have justified the fall percentage to be reduced to 10% since 2019. In 2024 and beyond, Cayuga Marketing will be forced into maintaining uneconomic milk sales to maintain its Class I sales above 20% during the months of September, October, and November. This will have a detrimental effect on our producers who will bear the increased marketing costs, which will reduce their net milk price. Our objective is to maximize our members' return on their milk through the orderly marketing of their milk to its highest and best use. By maintaining a 20% pooling requirement, we would not be able to meet our objective.

Cayuga Marketing supports the request by Booneville Farms Cooperative and Lowville Producers/Canastota Dairy Products for the reduction of the fall shipping requirements to 10%. Please feel free to contact me directly regarding any additional questions or concerns.

Sincerely,

A handwritten signature in black ink that reads 'Mark Stevenson'. The signature is written in a cursive style and is positioned to the right of the word 'Sincerely,'.

Mark Stevenson

Cayuga Marketing LLC  
VP Milk Division  
315-759-3123

**From:** Drew Frommelt <drew.frommelt@dfamilk.com>

**Sent:** Friday, July 12, 2024 4:46 PM

**To:** Riordon Brian <briordon@fedmilk1.com>; Skylar Ryll <sryll@dfamilk.com>

**Subject:** [EXTERNAL] RE: FO1 Shipping %

Hi Brian,

DFA does not have any official comments, data, or views to provide regarding the petition for lowering the shipping percentage for September through November. I would also just like to add that DFA is taking a neutral position on this matter, where we are neither for nor against the petition.

Drew



**H.P. Farmers Co-Op Inc.**  
**P.O. Box 186**  
**Holland Patent, NY 13354**  
**315-865-5281**

July 10, 2024

Market Administrator  
Northeast Marketing Area  
89 South St.  
P.O. Box 51478  
Boston, MA 02205-1478

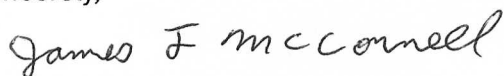
Dear Mr. Bookoff,

H.P. Farmers Cooperative Inc. has been made aware that at least 2 other Cooperatives in our area (Lowville Producers Dairy Cooperative Inc. and Boonville Farms Cooperative Inc.) have petitioned to have the percentage of milk specified in Section 1001.7 (C) (2) for the months of September, October & November lowered from 20% to 10%. We, The H.P. Farmers Cooperative Inc. also petition this request for all the same reasons previously stated in letters you have received by our neighboring Cooperatives.

We believe that the Class 1 milk needs will still be met comfortably and with the percentage lowered from 20% to 10% for the months of September, October & November it will allow us to move milk more efficiently for our members.

Thank You for your consideration.

Sincerely,



James F. McConnell

Secretary

H.P. Farmers Cooperative, Inc

## National Farmers Organization

241 Mc Lean Rd.  
Cortland, NY 13045

Mr. Brian Riordon  
Northeast Marketing Area  
302 A Washington Ave. Extension  
Albany, NY 12203

July 2, 2024

Re: Support the proposals to lower shipping requirements

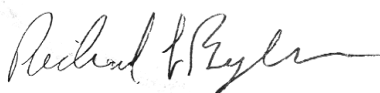
Dear Mr. Riordon,

The National Farmers Organization (NFO) would like to go on record supporting the request by Boonville Farmers Cooperative, Lowville Producers Dairy Cooperative, and Canastota Dairy Products to reduce the shipping requirements from twenty percent (20%) to ten percent (10%) in the months of September, October, and November.

As stated in the request by the above petitioners, the consumption of Class I milk has and most likely will continue to decline, making it more difficult to find a pool distributing plant needing additional milk. There has also been a significant consolidation in the remaining pool distributing plants in the Northeast market adding to the difficulties in finding a place to make qualifying shipments. Often the requirement to ship to a pool distributing plant results in loads being moved contrary to the normal patterns and not to the most efficient market for these loads. NFO is not aware of any fluid milk customer in the Northeast market that was shorted milk. Lowering the shipping requirements in September, October, and November would allow more milk to move to the best available and most efficient market thus saving unneeded freight expenses.

We (NFO) understand one of the objectives of a Federal Milk Order is to assure adequate supplies of good, wholesome milk to the fluid market. It is also an objective of the Federal Milk Orders to create "orderly marketing" within the order. It is our belief that disrupting our normal supply chain to make unneeded shipments does not create "Orderly Marketing", it in fact does just the opposite.

Thank you in advance for your time to consider our response and please feel free to contact me with any questions.



**Richard L. Bylsma**  
Dairy Sales Advisor

**National Farmers Organization**

574-849-3078

[dbylsma@nfo.org](mailto:dbylsma@nfo.org)

  
**UPSTATE NIAGARA  
COOPERATIVE, INC.**  
FARMER OWNED

July 12, 2024

Mr. Brian Riordan  
Federal Milk Order No. 1  
Northeast Marketing Area  
Sent via email to: briordan@fedmilk1.com

Mr. Riordan,

Upstate Niagara is writing in response to your invitation for comment on the request from a pool handler, regulated under the provisions of the Northeast Marketing Order, to lower the shipping percentage specified in Section 1001.7 (c) (2) for the months of September, October, and November from 20 percent to 10 percent until further notice. We believe that the request should be considered in two parts. First, the request to lower the shipping percentages. Second, the 'until further notice' portion of the request.

### Lowering Shipping Percentages

The long-term downward trend in Class I markets is well-documented. However, data from USDA's Estimated Fluid Milk Products Sales Report published on June 14, 2024 suggests that packaged fluid milk sales through April were up 1.2% in Federal Order 1.

In the spirit of preventing disorderly marketing, we do not oppose the request for a reduction in shipping percentage. However, we continue to believe that performance in the marketplace is an important aspect of participation in the pool. While we recognize that, at times, this can result in uneconomic movements of milk, these movements allow for participation in the pool and all of its associated benefits.

### Until Further Notice

We recommend the Market Administrator continue to review this matter regularly rather than approving a change that would include 'until further notice'. This is especially true as recent plant announcements indicate that there is likely to be additional demand in the region over the next two years.

Additionally, we believe that any change to the Order that's made under an 'until further notice' provision gets eerily close to an amendment of the Order. Upstate Niagara tends to favor the formal rulemaking process to handle long-term issues and changes of this type.

To summarize, Upstate Niagara does not oppose the request to reduce shipping requirements for the months of September, October, and November with review regularly rather than 'until further notice'.

Sincerely,



Jodi Smith Krzysiak  
VP Economics & Industry Affairs

*General Office:*

**PHYSICAL ADDRESS:**  
368 Pleasant View Drive  
Lancaster, NY 14086

**MAILING ADDRESS:**  
P.O. Box 268  
Lancaster, NY 14086

*Membership Division:*  
700 Ellicott Street, Suite 2  
Batavia, NY 14020

*Buffalo Fluid Plant:*  
1730 Dale Road  
Buffalo, NY 14225

*Rochester Fluid Plant:*  
45 Fulton Avenue  
Rochester, NY 14608

*Upstate Farms Dairy, LLC:*  
240 Oneida Street  
Syracuse, NY 13202

*Valley Farms Dairy, LLC:*  
1860 East Third Street  
Williamsport, PA 17701

*Cultured Products Plant:*  
3300 North America Drive  
West Seneca, NY 14224

*North Country Dairy, LLC:*  
22 County Route 52  
North Lawrence, NY 12967

*Upstate Farms  
Cultured Products, LLC:*  
5011 Ag Park Drive West  
Batavia, NY 14020

*O-AT-KA Milk Products  
Cooperative, Inc.:*  
4815 Ellicott Street Road  
Batavia, NY 14020

